

Alaska Energy Cost Reduction Program Progress Report

Grantee: Alaska Power Company (a/k/a Alaska Power and Telephone Company)

Project Name: Upper Lynn Canal Power Supply Projects (Denali)

Grant # 0129-DC-2004-I16

Period of Report: Third Quarter 2005 (July 1, 2005 to September 30, 2005)

Project activities completed:

- Early entry permit for tidelands work has been received from DNR.
- USFS Special-Use permit has been received.
- The LCM8 landing craft sea-trials are underway. The vessel is in Seattle and various options are being studied to transport the vessel to Skagway.
- The powerhouse metal building has been designed and ordered.
- The efficiency triplex for construction personnel is complete. Two modular dwellings have also been received and placed on foundations.
- A used Kobelco 400 excavator has been purchased and shipped to Skagway. Other construction equipment is being mobilized. Staging space near the Skagway waterfront has been rented.

Project existing or potential problems:

The primary challenge at this time is to receive FERC approval to begin construction. To date, FERC has not approved the final construction design nor have they provided an opinion as to whether the project license will require an amendment due to design changes. Another FERC related issue is the in-water work closure date at the beach. The state and federal agencies have stated the closure dates as April 1 to June 15 while the license states December 15 to June 15. The project needs to begin with construction of the marine facility. If the December date prevails, it could delay the beginning of construction until June 15 2006.

Activities targeted for Next Reporting Period, Third Quarter 2005:

- Inform FERC of details justifying that a license amendment is not necessary.
- Send updated Scenery Management & Monitoring Plan and Recreation Management and Monitoring Plan to FERC.
- Engage survey of the revised road and clearing limits for the project so the USFS can cruise the timber.
- Continue to plan/order/receive mobilization equipment, materials
- Begin construction of the marine access and penstock road if FERC approval is received.
- Solicit bids for the penstock materials (after FERC approval of plan)